

RENTAL MARKET REPORT

Sherbrooke CMA



Canada Mortgage and Housing Corporation

Release Date: 2007

Highlights

- The vacancy rate reached 2.4 per cent in the Sherbrooke CMA in 2007. Despite a change in the geographic definition of the CMA, it can be concluded that the rental market eased between 2006 and 2007.
- The average apartment rent rose by 3.4 per cent between 2006 and 2007.
- Newer buildings bore the brunt of the easing of the rental market, as their vacancy rate reached nearly 4 per cent.
- The vacancy rate should reach 2.9 per cent in 2008, as supply is rising faster than demand.

Figure 1

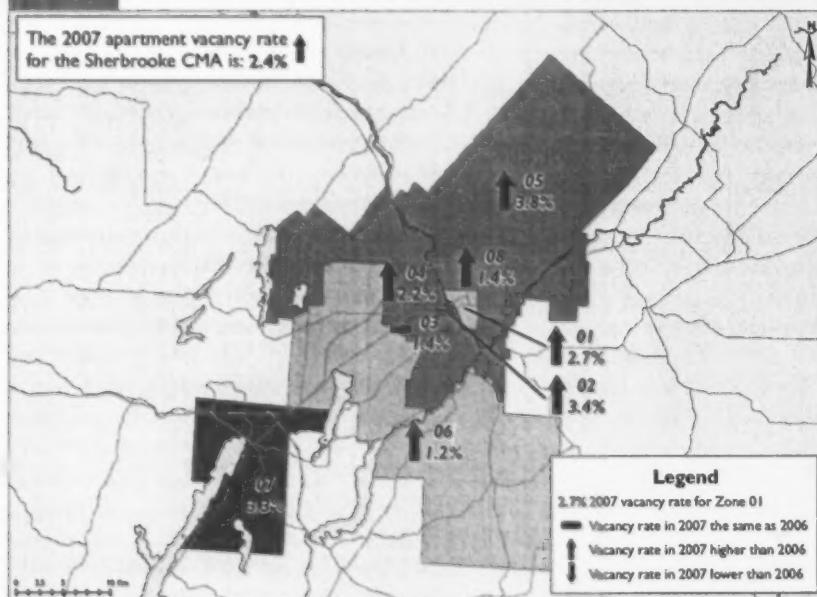


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**Apartment Vacancy Rates (%)
by Major Centres**

	Oct-06	Oct-07
Abbotsford	2.0	2.1
Barrie	2.8	3.2
Brantford	2.3	2.9
Calgary	0.5	1.5
Edmonton	1.2	1.5
Gatineau	4.2	2.9
Greater Sudbury	1.2	0.6
Guelph	2.8	1.9
Halifax	3.2	3.1
Hamilton	4.3	3.5
Kelowna	0.6	0.0
Kingston	2.1	3.2
Kitchener	3.3	2.7
London	3.6	3.6
Moncton	5.6	4.3
Montréal	2.7	2.9
Oshawa	4.1	3.7
Ottawa	2.3	2.3
Peterborough	2.8	2.8
Québec	1.5	1.2
Regina	3.3	1.7
Saguenay	4.1	2.8
Saint John	6.8	5.2
Saskatoon	3.2	0.6
Sherbrooke	1.2	2.4
St. Catharines-Niagara	4.3	4.0
St. John's	5.1	2.6
Thunder Bay	4.9	3.8
Toronto	3.2	3.2
Trois-Rivières	1.0	1.5
Vancouver	0.7	0.7
Victoria	0.5	0.5
Windsor	10.4	12.8
Winnipeg	1.3	1.5
Total	2.6	2.6

Vacancy rate picks up again

According to the results of the Rental Market Survey conducted by CMHC in October, the vacancy rate rose in the Sherbrooke census metropolitan area (CMA) between

2006 and 2007. In fact, the proportion of vacant units reached 2.4 per cent this year, compared to 1.2 per cent last year. As shown in Graph 1, this increase brought the vacancy rate up to its highest level since 2000, the year after which the rental market started to tighten.

It should first be mentioned, however, that the 2006 and 2007 results for the CMA overall cannot very well be compared, since the definition of the CMA was amended between the two surveys. In fact, the Sherbrooke CMA included the municipality of Magog in 2007, but not in 2006. With this change, 2,068 apartments were added to the Sherbrooke CMA rental housing stock.

It can be asserted, though, that the rental market did ease between the last two surveys, as the vacancy rates increased or remained stable in all zones of the CMA, including Magog. In October of this year, just under 800 apartments were unoccupied out of a stock of 32,887 units contained in privately initiated buildings with three or more apartments. However, even if the market has eased, finding a unit could remain difficult for someone seeking a specific type of apartment, at an affordable price.

Among the CMAs across Quebec, Trois-Rivières and Québec are now the only ones where unoccupied rental apartments remain very scarce. In these two centres, the vacancy rates reached 1.5 per cent and 1.2 per cent, respectively. The proportions of vacant units in Gatineau (2.9 per cent), Montréal (2.9 per cent) and Saguenay (2.8 per cent) were slightly higher than in

Sherbrooke (2.4 per cent).

Vacancy rate hike: rapid growth in supply not to blame

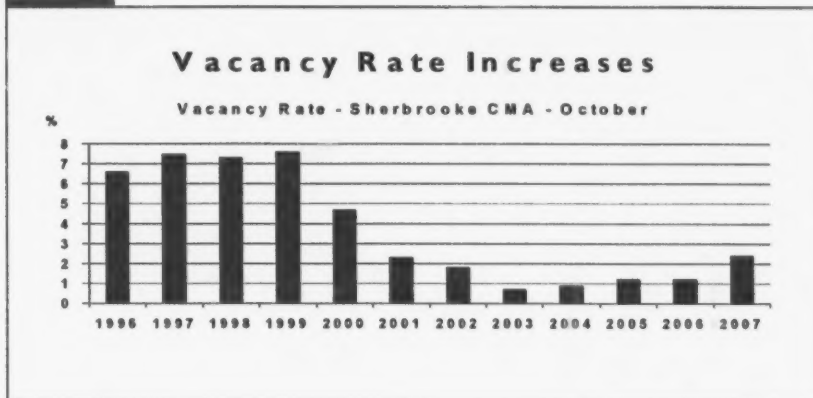
With rental housing starts having risen from 389 to 743 units between 2005 and 2006, a significant increase in the rental housing stock was expected for the 2007 survey. This increase was expected to put some upward pressure on the vacancy rate, but not to the extent that was observed. According to our forecast, the vacancy rate should have remained below 2 per cent.

A review of the survey universe in 2006 and 2007 does not provide us with a measure of the new units that arrived on the market. In fact, the universe of apartments this year shows a decrease of 300 units compared to last year. Of course, this does not mean that there were fewer rental units this year than last year. For example, a number of units had to be temporarily withdrawn from the survey universe, as the buildings contained fewer than three apartments for rent on the market. This type of situation occurs when one of the apartments in a three-unit building is occupied by the owner. It may be that more owners now live in their income properties or else that a number of these buildings had not been surveyed in a long time.

As for rental completions between 2005 and 2007, the results do not show a major increase in newly completed units between the 2006 and 2007 surveys. On the contrary, a decrease can even be noted. In fact, for the 2006 survey, rental

¹ Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes.

Figure 2



completions reached 457 units, compared to 394 for the 2007 survey. The construction therefore ended up taking longer than expected, and the new units will only be added to the stock next year.

As a significant increase in the supply of rental housing units cannot directly explain the major hike in the vacancy rate, we therefore have to look on the demand side.

Slowdown in immigration partly accounts for the vacancy rate increase

For the last few years, immigration has been the driving force behind demand for new housing on the Sherbrooke CMA rental market. However, the preliminary estimates for 2006-2007 are pointing to lower immigration across Quebec, and in the Estrie region in particular. According to these partial results, it can be anticipated that the number of immigrants will be less than 1,000 for this period. In 2004 and 2005, 1,256 and 1,172 foreign migrants, respectively, had come to settle in

the region. Consequently, immigration, while remaining significant in the area, has decreased, which has limited the growth in demand for rental housing and pushed up the vacancy rate.

As well, demand from young people, a traditionally significant client group on the rental market, is also gradually falling, as the labour market is less favourable to them. In fact, in the Sherbrooke CMA, employment for people aged 15 to 24 years declined during the first three quarters of the year, continuing the downward trend that has prevailed since 2004.

Two statistical considerations also contribute to the higher vacancy rate

The temporary withdrawal of a number of three-unit buildings from the survey universe also contributed to the increase in the overall vacancy rate, as buildings with 3 to 5 units have the best rental performance. In October of this year, buildings in this size category had a vacancy rate of 1.4 per cent, compared to a

proportion of 2.4 per cent for the market overall.

As well, the inclusion of the municipality of Magog in the Sherbrooke CMA put additional upward pressure on the vacancy rate. In fact, according to the 2006 results, the vacancy rate was higher in Magog (1.6 per cent) than in the Sherbrooke CMA (1.2 per cent).

Rents keep rising

In October, in the Sherbrooke CMA, the average rents reached \$366 for bachelor apartments and \$424 for one-bedroom units. For two-bedroom units, the rent averaged at \$529. Lastly, for three-bedroom apartments, an average rent of \$644 was charged.

In Quebec, tenants often receive their rent increase notices at the beginning of the year¹. Landlords therefore base their offer on their cost estimates for the coming year and on the conditions that prevailed on the market the year before. Since the market was very tight last year, the size of the rent increase observed once again this year was not surprising.

Between October 2006 and 2007, the estimated change in the average apartment rent was 3.4 per cent in the Sherbrooke CMA, compared to 3.6 per cent between October 2005 and 2006. The growth in rents therefore remained strong and once again exceeded inflation. Among the different dwelling types, only bachelor units registered a rent hike that was far from the average. For these apartments, rents rose by 2.5 per cent.

¹ This is because leases still often end on June 30 and renters must be advised of any changes to their lease three months before the expiry date.

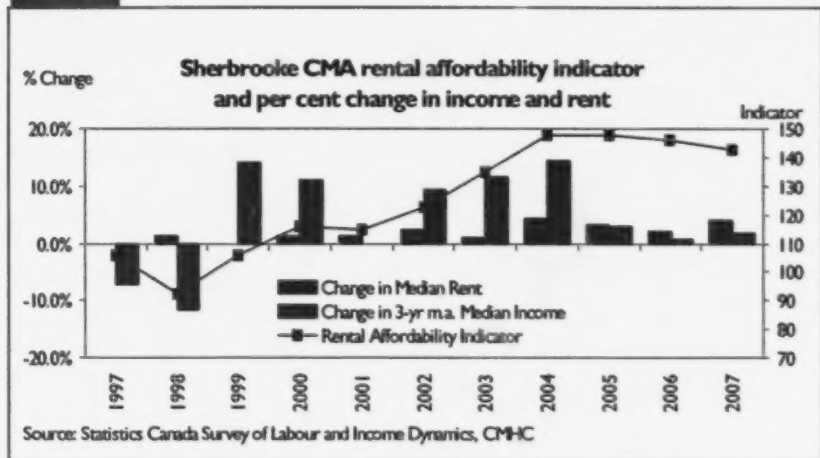
It should be noted that CMHC now uses a measure (introduced last year) that estimates the change in rents charged in existing structures. This measure therefore excludes the impact of new structures and conversions added to the universe between surveys.

Rental affordability falls slightly

According to CMHC's new rental affordability indicator, the Sherbrooke rental market became slightly less affordable this year. In fact, the median rent for two-bedroom apartments climbed by 4.0 per cent in 2007, while the median income of renter households grew at a rate of 2 per cent. As a result, the rental affordability indicator for Sherbrooke reached 143², or three points lower than last year. It was in 1998 that the lowest level of affordability was recorded in the twelve years that the indicator is available. That year, the indicator stood at 93.

The rental affordability indicator is a gauge of how affordable a rental market is for those households which rent within that market. A generally accepted rule of thumb for affordability is that a household should spend less than 30 per cent of its gross income on housing. The new rental affordability indicator examines a three-year moving average of median income of renter households and compares it to the median rent for a two-bedroom apartment in the centre in which they live. More specifically, the level of income required for a household to rent a median priced two-

Figure 3



bedroom apartment, using 30 per cent of its income, is calculated. The three-year moving average of median income of households in a centre is then divided by this required income. The resulting number is then multiplied by 100 to form the indicator. An indicator value of 100 indicates that 30 per cent of the median income of renter households is necessary to rent a two-bedroom apartment going at the median rental rate. A value above 100 indicates that less than 30 per cent of the median income is required to rent a two-bedroom apartment, conversely, a value below 100 indicates that more than 30 per cent of the median income is required to rent the same unit. In general, as the indicator increases, the market becomes more affordable; as the indicator declines, the market becomes less affordable.

Rental market conditions stay as tight as last year in the West district

Between the last two surveys, the

vacancy rate remained stable at 1.4 per cent in the West district. The presence of the Université de Sherbrooke, with its many students, has guaranteed a sustained demand in this district, even if the free public transit lets students move away from the campus, without having to pay additional travel expenses. Proximity to the campus is no doubt an important factor for students.

The vacancy rates did not rise significantly in the former suburbs of Rock Forest and Fleurimont. In the former, the proportion of unoccupied units rose from 1.0 per cent to 1.2 per cent between October 2006 and October 2007 while, in the latter, this rate increased from 0.8 per cent to 1.4 per cent.

There are three zones, however, where the vacancy rates were above 3 per cent: the Central district (3.4 per cent), Ascot-Lennoxville (3.8 per cent) and Magog (3.3 per cent). The two zones that were already part of the Sherbrooke CMA before this year are known to be more

rapidly affected when the rental market eases, as demand is more volatile there.

Bachelor apartments once again the most difficult to rent out

Just like last year, bachelor apartments were the most difficult to rent out. The vacancy rate for units of this type reached 5.2 per cent this past October. Once again, larger units (apartments with three or more bedrooms) were the easiest to rent out, with a vacancy rate of 1.4 per cent.

In the West district, however, bachelor units performed very well, as only 1.8 per cent of these apartments were unoccupied. The student demand and the lack of choice near the university likely account for these results. The situation for bachelor units was just the opposite in the East district (9.5 per cent), Ascot-Lennoxville (8.1 per cent) and Magog (8.0 per cent). Since the vacancy rate for bachelor apartments was the highest in buildings with 100 or more units (11.7 per cent), part of the phenomenon observed in these

zones could be related to the retirement home segment. In fact, to achieve economies of scale in the delivery of services, a number of retirement homes comprise more than 100 units. In addition, in this market niche, many bachelor units were built some time ago, while current demand is shifting more and more toward larger apartments.

Proportion of vacant units nearly 4 per cent in newer buildings

Unlike last year, newer buildings had a higher vacancy rate than the average rate for the overall market this year. In structures built since the year 2000, 3.8 per cent of the units were unoccupied at the time of the last survey. For those built from 1990 to 1999, the situation was similar. Since the monthly rents for the units in these two categories were respectively \$170 and \$55 higher than the average for the market, it is normal that these buildings would be the first affected when conditions ease on the rental market. The homeownership trend, which remained strong, could also partly account for these results. When entering the rental market, it

is often necessary to go through newer buildings. Good quality units with less costly rents effectively have a lower turnover rate. As well, since renters who access homeownership must be financially better off than other tenants, it is logical to think that they lived in more expensive units, all other things being equal.

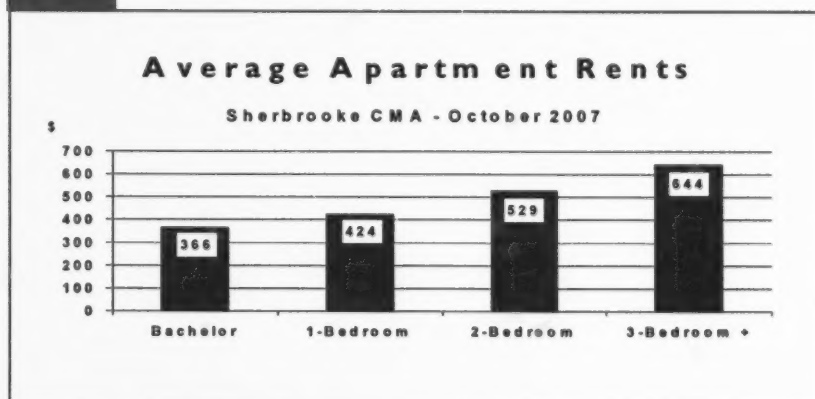
In buildings with 100 or more units, 8.2 per cent of the units were unoccupied. This result is surprising since, for the last few years, larger structures had been doing very well on account of the services that they offered. Buildings with 3 to 5 units continued to post the best rental performance on the market, with a vacancy rate of only 1.4 per cent.

Vacancy rate expected to rise again in 2008

The major role and uncertain behaviour of immigration on the rental market make it difficult to forecast the vacancy rate for a market the size of Sherbrooke since, even though immigration is strongly influenced by the local economy, several other reasons, attributable to factors external to our vicinity, can have an impact on migration movements. In fact, we saw this happen this year as, even with an economy that continued to create jobs, immigration decreased in the Sherbrooke area.

That being said, we forecast that, by 2008, net immigration will gradually return to the levels recorded in recent years of around 1,100 to 1,200 newcomers per year. This forecast is in line with the provincial government's will to raise the annual number of immigrants across Quebec.

Figure 4



Demand for rental housing from young people should continue to weaken slightly on account of the recent performance of the job market for this client group. The homeownership trend, which will edge up next year, will also contribute to limiting the increase in rental housing demand.

Demand on the part of seniors should pick up next year, with the completion of a major retirement home in the North district of the CMA. As this market segment has not yet reached full maturity, supply tends to meet demand. Since Sherbrooke is a small market, supply increases in spurts, creating a latent demand at the announcement of new projects, which arrive on the market 18 to 24 months later.

Still on the supply side, rental completions should reach 650 units for the 2008 survey, compared to 394 for this year's survey. Overall, the vacancy rate should rise to 2.9 per cent next year, as demand is increasing less rapidly than supply. The market will therefore continue to ease next year.

With this further easing, the rent increase will be much less significant than in the previous two years, when the hikes averaged at 3.5 per

cent. In 2008, rents should rise by around 2 per cent, or just below inflation, which will be between 2 per cent and 3 per cent.

Few renters will move

According to the results of the Rental Market Survey conducted in October, 2.6 per cent of the rental housing units were available on the Sherbrooke area market. The availability rate exceeded the vacancy rate by 0.2 of a percentage point, just like last year. This rate takes into account not only vacant units but also units for which the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease. The availability rate gives a slightly broader idea of the short-term supply of unoccupied units.

The availability data seem to indicate that few renters will move in the short term, either to find another rental dwelling or to access homeownership. Around 65 renters will be affected by this movement. This low mobility results partly from the cautious behaviour adopted by renters since the major scarcity of available dwellings that occurred in 2003. These renters effectively learned not to leave their apartment

before having found another, because they know that it may be difficult to find an apartment for rent that meets their needs. It should also be noted that the fall season is a calm period for renters to move in Quebec.

Based on the availability indicator, Fleurimont is the zone where renters show the greatest intention to move, with the most significant gap between the availability rate and the vacancy rate (0.6 of a percentage point). This result contrasts with the level recorded last year, when the availability rate was equal to the vacancy rate in this sector. This year, it was in the North district and Magog that this situation occurred. For landlords in these zones, no client turnover should be anticipated in the short term.

NATIONAL VACANCY RATE UNCHANGED AT 2.6 PER CENT IN OCTOBER 2007

The average rental apartment vacancy rate in purpose built apartment buildings with three or more units in Canada's 34 major centres¹ was unchanged at 2.6 per cent in October 2007 compared to a year ago. The centres with the highest vacancy rates in 2007 were Windsor (12.8 per cent), Saint John (5.2 per cent) and Moncton (4.3 per cent). The centres with the lowest vacancy rates were Kelowna (0.0 per cent), Victoria (0.5 per cent), Greater Sudbury (0.6 per cent) and Saskatoon (0.6 per cent).

Strong employment growth, solid income gains, and high immigration levels continued to support strong demand for both ownership and rental housing. The rising gap between the cost of home ownership and renting also kept demand strong for rental accommodation. However, modest rental construction and increased competition from the condominium market offset the strong rental demand, keeping the rental apartment vacancy rate unchanged from a year earlier. Condominiums are a relatively inexpensive type of housing for renters moving to home ownership. Also, some condominium apartments are owned by investors who rent them out. Therefore, high levels of condominium completions have created competition for the

rental market and have put upward pressure on vacancy rates.

The highest average monthly rents for two-bedroom apartments in new and existing structures were in Calgary (\$1,089), Vancouver (\$1,084), Toronto (\$1,061) and Ottawa (\$961), followed by Edmonton (\$958) and Barrie (\$934). The lowest average monthly rents for two-bedroom apartments in new and existing structures were in Trois-Rivières (\$487) and Saguenay (\$490).

Year-over-year comparison of rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. However, by excluding new structures, we can get a better indication of actual rent increases paid by tenants. The average rent for two-bedroom apartments in existing structures increased in all major centres except Windsor where the average rent in existing structures was essentially unchanged for a second consecutive year. The largest rent increases occurred in markets where vacancy rates were quite low. Rents in existing structures were up 18.8 per cent in Edmonton, 15.3 per cent in Calgary, 13.5 per cent in Saskatoon, 7.7 per cent in Greater Sudbury and 7.0 per cent in Kelowna. Overall, the average rent

for two-bedroom apartments in existing structures across Canada's 34 major centres increased by 3.5 per cent between October 2006 and October 2007.

CMHC's October 2007 Rental Market Survey also covers condominium apartments offered for rent in the following centres: Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montréal, and Québec. In 2007, vacancy rates for rental condominium apartments were below one per cent in four of the seven centres surveyed. Rental condominiums in Vancouver had the lowest vacancy rate at 0.2 per cent. On the other hand, Québec and Montréal registered the highest vacancy rates for condominium apartments at 2.4 per cent and 3.8 per cent in 2007, respectively. The survey showed that vacancy rates for rental condominium apartments in 2007 were lower than vacancy rates in the conventional rental market in Vancouver, Calgary, Toronto and Ottawa, the same in Edmonton, and higher in Québec and Montréal.

The highest average monthly rents for two-bedroom condominium apartments were in Toronto (\$1,533), Vancouver (\$1,435), and Calgary (\$1,217). All surveyed centres posted average monthly rents for two-bedroom condominium apartments that were higher than average monthly rents for two-bedroom private apartments in the conventional rental market in 2007.

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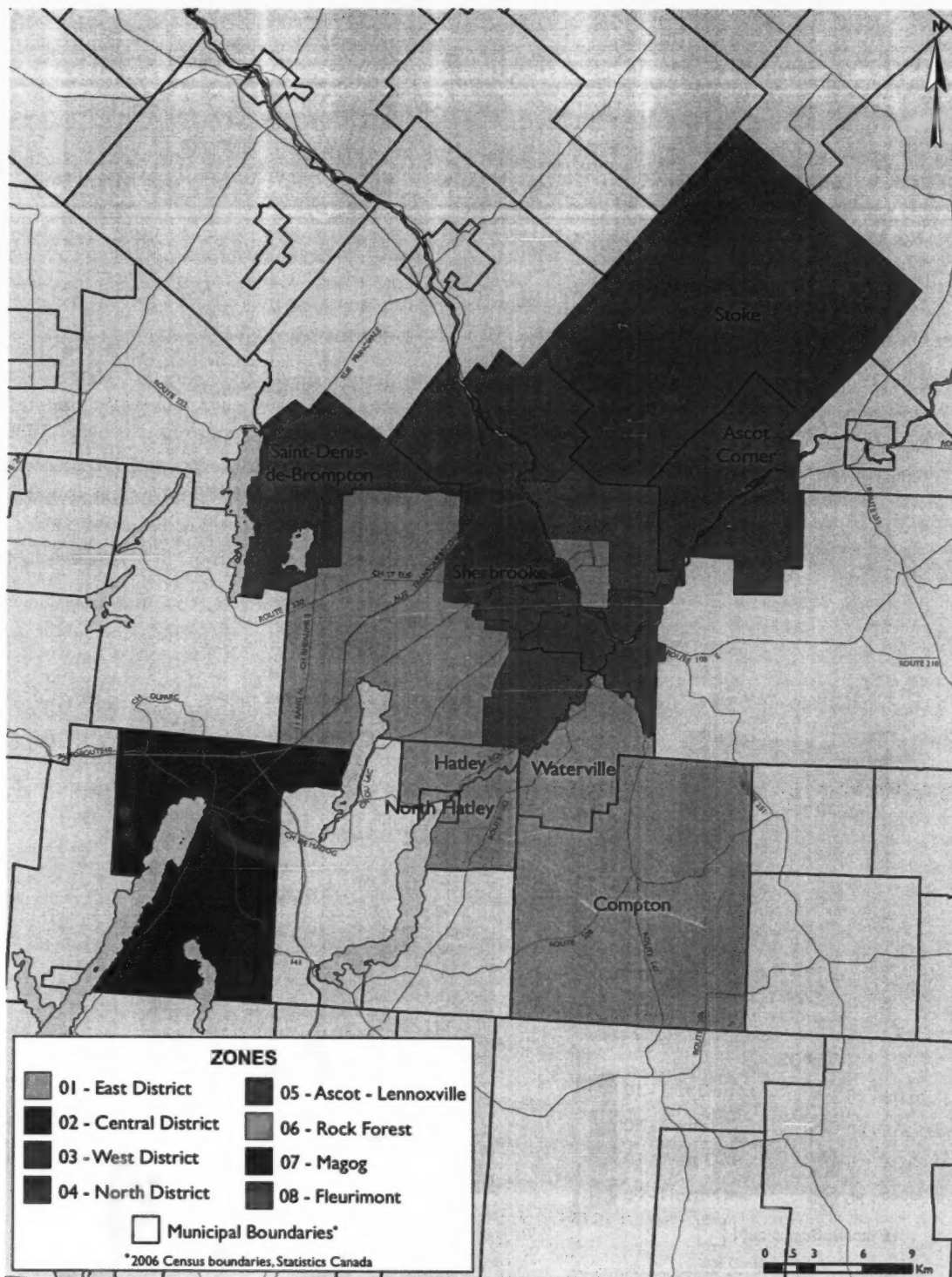
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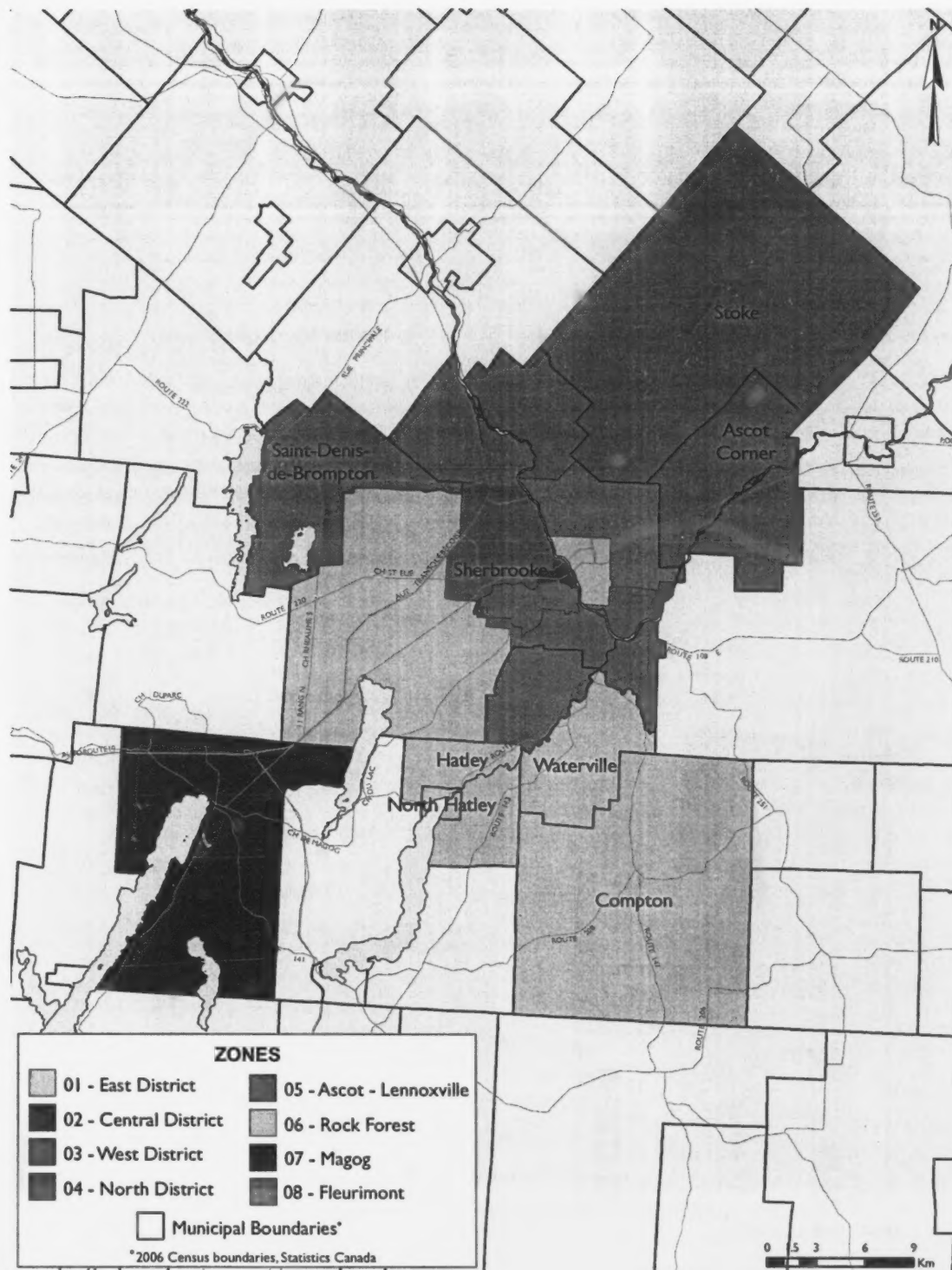
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RMS ZONE DESCRIPTIONS - SHERBROOKE CMA	
Zone 1	East District - North: City Limits; South: City Limits; East: City Limits; West: St-François River.
Zone 2	Central District - North: St-François River; South: Galt West and Wellington; East: St-François River; West: Belvédère and Queen North.
Zone 3	West District - North: Magog River and Galt West; South: City Limits; East: Wellington South; West: Magog River.
Zone 4	North District - North: City Limits; South: Magog River; East: St-François River and Queen North.
Zones 1-4	Former Sherbrooke City
Zone 5	Canton of Ascot and City of Lennoxville - Including: Ascot Corner, Bromptonville, Brompton Township, St-Denis-de-Brompton and Stoke.
Zone 6	Rock Forest - Including: Deauville, North Hatley and Hatley Township, Saint-Élie d'Orford.
Zone 7	Magog
Zone 8	Fleurimont
Zones 1-8	Sherbrooke CMA



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RENTAL MARKET REPORT TABLES

Available in ALL Rental Market Reports

Private Apartment Data:

- 1.1.1 Vacancy Rates (%) by Zone and Bedroom Type
- 1.1.2 Average Rents (\$) by Zone and Bedroom Type
- 1.1.3 Number of Units - Vacant and Universe by Zone and Bedroom Type
- 1.1.4 Availability Rates (%) by Zone and Bedroom Type
- 1.1.5 Estimate of Percentage Change (%) of Average Rent
- 1.2.1 Vacancy Rates (%) by Year of Construction and Bedroom Type
- 1.2.2 Average Rents (\$) by Year of Construction and Bedroom Type
- 1.3.1 Vacancy Rates (%) by Structure Size and Bedroom Type
- 1.3.2 Average Rents (\$) by Structure Size and Bedroom Type
- 1.4 Vacancy Rates (%) by Rent Range and Bedroom Type

Available in SELECTED Rental Market Reports

Private Apartment Data:

- 1.3.3 Vacancy Rates (%) by structure Size and Zone

Private Row (Townhouse) Data:

- 2.1.1 Vacancy Rates (%) by Zone and Bedroom Type
- 2.1.2 Average Rents (\$) by Zone and Bedroom Type
- 2.1.3 Number of Units - Vacant and Universe by Zone and Bedroom Type
- 2.1.4 Availability Rates (%) by Zone and Bedroom Type
- 2.1.5 Estimate of Percentage Change (%) of Average Rent

Private Apartment and Row (Townhouse) Data:

- 3.1.1 Vacancy Rates (%) by Zone and Bedroom Type
- 3.1.2 Average Rents (\$) by Zone and Bedroom Type
- 3.1.3 Number of Units - Vacant and Universe by Zone and Bedroom Type
- 3.1.4 Availability Rates (%) by Zone and Bedroom Type
- 3.1.5 Estimate of Percentage Change (%) of Average Rent

Available in the Quebec, Montreal, Ottawa, Toronto, Edmonton, Calgary and Vancouver Reports

Rental Condominium Apartment Data *

- 4.1.1 Rental Condominium Apartments and Private Apartments in the RMS - Vacancy Rates (%)
- 4.1.2 Rental Condominium Apartments and Private Apartments in the RMS - Average Rents (\$)
- 4.1.3 Rental Condominium Apartments - Average Rents (\$)
- 4.2.1 Rental Condominium Apartments and Private Apartments in the RMS - Vacancy Rates (%) by Building Size
- 4.3.1 Condominium Universe, Rental Units, Percentage of Units in Rental and Vacancy Rate
- 4.3.2 Condominium Universe, Rental Units, Percentage of Units in Rental and Vacancy Rate by Building Size

Available in the Montreal, Toronto, Vancouver, St. John's, Halifax, Quebec, Barrie, Ottawa, Calgary, Edmonton, Abbotsford and Kelowna Reports

Secondary Rented Unit Data *

- 5.1 Secondary Rented Unit Average Rents (\$) by Dwelling Type
- 5.2 Estimated Number of Households in Secondary Rented Units and Estimated Percentage of Households in Secondary Rented Units by Dwelling Type

* New Surveys - Please refer to the Methodology section for additional information.

1.1.1 Private Apartment Vacancy Rates (%) by Zone and Bedroom Type Sherbrooke CMA

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-05	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Zone 1 - East District	3.4 d	9.5 b	1.7 b	3.7 c	1.0 a	1.6 c	3.8 d	0.6 a	1.7 b	2.7 a
Zone 2 - Central District	3.4 d	4.5 d	1.1 a	3.0 d	0.3 b	**	0.0 c	**	1.1 a	3.4 d
Zone 3 - West District	4.8 b	1.8 b	1.7 c	1.8 c	0.6 b	1.2 a	0.4 b	1.1 a	1.4 a	1.4 a
Zone 4 - North District	2.7 a	4.6 c	1.1 a	3.0 b	0.6 a	1.9 c	0.2 b	1.4 d	0.8 a	2.2 a
Former Sherbrooke City	3.7 b	5.0 b	1.5 a	2.9 a	0.7 a	1.7 b	1.1 a	1.1 a	1.3 a	2.3 a
Zone 5 - Ascot/Lennoxville	0.0 b	8.1 c	0.6 a	4.0 b	1.3 a	3.6 b	1.2 a	2.8 c	1.1 a	3.8 b
Zone 6 - Rock Forest	**	**	0.4 b	0.4 b	1.0 a	1.7 c	1.2 d	0.2 b	1.0 a	1.2 a
Zone 7 - Magog(I)	6.8 a	8.0 b	2.3 a	3.1 b	0.9 a	2.3 a	1.1 a	4.8 a	1.6 a	3.3 a
Zone 8 - Fleurimont	4.4 b	3.0 b	0.5 a	2.4 b	0.9 a	1.4 a	0.0 c	0.6 b	0.8 a	1.4 a
Sherbrooke CMA	3.5 b	5.2 a	1.3 a	2.9 a	0.8 a	2.0 a	1.1 a	1.4 a	1.2 a	2.4 a

1 Data for October 2006 does not include the area formerly known as Magog CA.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data is not statistically reliable

n/a: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.1.2 Private Apartment Average Rents (\$) by Zone and Bedroom Type Sherbrooke CMA

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Zone 1 - East District	341 a	336 a	404 a	417 a	495 a	510 a	577 a	616 a	467 a	490 a
Zone 2 - Central District	335 a	355 a	386 a	400 a	462 b	478 a	584 b	575 b	427 a	440 a
Zone 3 - West District	352 a	366 a	397 a	396 a	469 a	487 a	584 a	610 a	447 a	470 a
Zone 4 - North District	392 a	408 a	475 a	474 a	565 a	578 a	675 a	688 a	558 a	572 a
Former Sherbrooke City	354 a	367 a	415 a	423 a	510 a	524 a	618 a	642 a	485 a	505 a
Zone 5 - Ascot/Lennoxville	350 a	375 a	417 a	441 a	500 a	509 a	618 a	671 b	493 a	511 a
Zone 6 - Rock Forest	n/s	**	416 a	415 a	586 a	592 a	616 a	616 a	570 a	575 a
Zone 7 - Magog(I)	328 a	330 a	390 a	402 a	520 a	543 a	616 a	648 a	501 a	527 a
Zone 8 - Fleurimont	416 a	421 a	427 a	440 a	514 a	531 a	621 a	654 a	516 a	546 a
Sherbrooke CMA	355 a	366 a	416 a	424 a	515 a	529 a	618 a	644 a	493 a	514 a

1 Data for October 2006 does not include the area formerly known as Magog CA.

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b - Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$)

d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

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Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in October 2007

by Zone and Bedroom Type

Sherbrooke CMA

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Zone 1 - East District	59 b	620	74 c	2,019	57 c	3,624	5 a	925	195 a	7,188
Zone 2 - Central District	24 d	541	25 d	811	**	880	**	314	85 d	2,546
Zone 3 - West District	13 b	723	29 c	1,636	38 a	3,161	11 a	953	91 a	6,473
Zone 4 - North District	26 c	566	47 b	1,554	67 c	3,558	19 d	1,410	159 a	7,089
Former Sherbrooke City	122 b	2,450	174 a	6,021	196 b	11,222	18 a	3,603	531 a	23,296
Zone 5 - Ascot/Lennoxville	11 c	133	42 b	1,058	80 b	2,199	15 c	544	148 b	3,934
Zone 6 - Rock Forest	**	**	1 b	277	24 c	1,423	1 b	469	26 a	2,173
Zone 7 - Magog	10 b	128	11 b	368	28 a	1,190	18 a	382	67 a	2,068
Zone 8 - Fleurimont	1 b	34	5 b	207	12 a	834	2 b	346	20 a	1,420
Sherbrooke CMA	144 a	2,748	234 a	7,930	339 a	16,869	75 a	3,344	792 a	32,891

1.1.4 Private Apartment Availability Rates (%)

by Zone and Bedroom Type

Sherbrooke CMA

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Zone 1 - East District	4.0 d	9.8 b	1.9 b	4.1 c	1.0 a	2.0 c	3.8 d	0.6 a	1.8 b	3.1 b
Zone 2 - Central District	5.8 d	4.7 c	1.6 c	3.0 d	0.4 b	**	0.0 c	**	1.7 c	3.5 d
Zone 3 - West District	5.8 b	1.8 b	2.1 c	1.9 c	0.7 a	1.6 c	0.4 b	**	1.7 b	1.8 b
Zone 4 - North District	2.7 a	4.6 c	1.1 a	3.0 b	1.0 d	1.9 c	0.2 b	1.4 d	1.0 a	2.2 a
Former Sherbrooke City	4.6 b	5.1 a	1.7 a	3.1 b	0.9 a	2.0 b	1.1 a	1.4 a	1.5 a	2.5 a
Zone 5 - Ascot/Lennoxville	0.0 b	9.3 c	0.6 a	4.0 b	1.3 a	3.7 b	1.2 a	2.8 c	1.1 a	3.9 b
Zone 6 - Rock Forest	**	**	1.5 c	0.4 b	1.2 a	2.0 c	1.2 d	0.6 b	1.3 a	1.5 a
Zone 7 - Magog(1)	6.8 a	8.0 b	2.6 a	3.1 b	0.9 a	2.3 a	1.1 a	4.8 a	1.6 a	3.3 a
Zone 8 - Fleurimont	4.4 b	**	0.5 a	2.4 b	0.9 a	1.6 c	0.0 c	1.2 d	0.8 a	2.0 c
Sherbrooke CMA	4.5 b	5.6 a	1.6 a	3.1 b	1.0 a	2.2 a	1.1 a	1.7 b	1.4 a	2.6 a

1 Data for October 2006 does not include the area formerly known as Magog CA.

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** Data suppressed to protect confidentiality or data is not statistically reliable

n/a: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent* by Bedroom Type Sherbrooke CMA

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-05 to Oct-06	Oct-06 to Oct-07	Oct-05 to Oct-06	Oct-06 to Oct-07	Oct-05 to Oct-06	Oct-06 to Oct-07	Oct-05 to Oct-06	Oct-06 to Oct-07	Oct-05 to Oct-06	Oct-06 to Oct-07
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Zone 1 - East District	**	**	4.4 c	4.4 c	3.3 d	3.5 c	++	5.2 c	4.0 c	4.0 b
Zone 2 - Central District	2.9 c	5.4 d	3.5 d	3.5 d	**	8.8 c	**	**	3.5 d	6.0 c
Zone 3 - West District	4.3 b	1.9 c	4.7 b	++	3.3 d	**	**	3.0 d	4.4 c	**
Zone 4 - North District	6.3 c	**	3.8 c	3.2 c	3.1 d	2.7 b	4.0 d	**	3.4 c	3.1 c
Former Sherbrooke City	5.1 c	3.2 c	4.2 b	2.2 c	3.3 c	3.5 c	3.4 d	3.4 c	3.8 b	3.5 b
Zone 5 - Ascot/Lennoxville	**	++	2.6 a	3.2 c	3.3 b	2.8 c	2.7 b	**	3.2 b	3.0 d
Zone 6 - Rock Forest	**	**	1.7 c	++	4.0 d	2.5 b	3.1 c	2.5 b	3.4 d	2.2 b
Zone 7 - Magog(I)	2.1 c	4.9 d	2.4 c	**	2.0 a	3.6 b	3.2 c	3.9 b	2.9 a	3.6 a
Zone 8 - Fleurimont	**	**	2.8 b	5.6 a	++	4.2 d	++	7.9 c	1.1 d	4.5 c
Sherbrooke CMA	5.5 c	3.5 c	3.8 b	2.5 b	3.2 c	3.4 b	3.1 c	3.5 b	3.6 b	3.4 b

1 Data for October 2006 does not include the area formerly known as Magog CA.

* The Estimate of Percentage Change is a measure of the market movement, and is based on those structures that were common to the survey for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data is not statistically reliable

++ change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0)

n/u: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.2.1 Private Apartment Vacancy Rates (%) by Year of Construction and Bedroom Type Sherbrooke CMA

Year of Construction	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Sherbrooke CMA										
Pre 1940	6.0 d	5.5 d	**	1.8 c	0.3 b	**	**	0.9 a	1.4 a	2.0 c
1940 - 1959	**	**	1.9 c	**	**	**	0.5 b	**	1.7 c	3.4 d
1960 - 1974	4.6 c	2.8 b	1.0 a	3.2 c	0.8 a	1.3 a	0.3 b	1.8 c	1.2 a	1.9 a
1975 - 1989	1.9 a	2.1 b	1.2 a	2.4 a	0.9 a	2.1 a	1.9 c	1.3 a	1.2 a	2.0 a
1990 - 1999	3.8 d	12.5 a	0.3 b	10.1 c	0.4 b	0.5 a	0.6 b	0.5 b	0.7 a	3.9 b
2000+	1.7 a	7.7 a	0.9 a	4.6 d	0.8 d	3.3 d	0.5 b	**	0.8 a	3.8 c
Total	3.5 b	5.2 a	1.3 a	2.9 a	0.8 a	2.0 a	1.1 a	1.4 a	1.2 a	2.4 a

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

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Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.2.2 Private Apartment Average Rents (\$) by Year of Construction and Bedroom Type Sherbrooke CMA

Year of Construction	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Sherbrooke CMA										
Pre 1940	321 a	326 a	371 a	385 a	469 a	477 a	568 b	614 b	446 a	467 a
1940 - 1959	338 a	342 a	384 a	391 a	431 a	452 a	569 a	614 a	428 a	441 a
1960 - 1974	356 a	366 a	416 a	428 a	495 a	505 a	596 a	613 a	469 a	488 a
1975 - 1989	372 a	391 a	434 a	442 a	514 a	527 a	621 a	628 a	499 a	517 a
1990 - 1999	391 d	415 b	427 b	426 b	547 a	567 a	668 a	662 a	566 a	571 a
2000+	**	**	507 b	529 b	662 a	675 a	752 a	796 a	657 a	685 a
Total	355 a	366 a	416 a	424 a	515 a	529 a	618 a	644 a	493 a	514 a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b - Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$)

d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** Data suppressed to protect confidentiality or data is not statistically reliable

n/a: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.3.1 Private Apartment Vacancy Rates (%) by Structure Size and Bedroom Type Sherbrooke CMA

Size	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Sherbrooke CMA										
3 to 5 Units	**	0.0 c	**	**	0.7 b	1.5 c	**	1.1 d	0.9 a	1.4 a
6 to 19 Units	3.4 d	5.0 d	1.5 c	2.5 c	0.5 a	1.8 b	0.9 a	1.5 a	1.0 a	2.1 a
20 to 49 Units	5.2 a	3.8 a	0.9 a	1.9 a	1.0 a	2.7 a	0.8 a	1.9 a	1.3 a	2.4 a
50 to 99 Units	1.8 a	0.8 a	3.3 a	6.6 a	2.3 a	2.1 a	5.3 a	3.3 a	2.9 a	3.3 a
100+ Units	2.6 a	11.7 a	1.3 a	8.2 a	1.7 a	3.9 a	**	**	1.7 a	8.2 a
Total	3.5 b	5.2 a	1.3 a	2.9 a	0.8 a	2.0 a	1.1 a	1.4 a	1.2 a	2.4 a

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

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n/a: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.3.2 Private Apartment Average Rents (\$) by Structure Size and Bedroom Type Sherbrooke CMA

Size	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Sherbrooke CMA										
3 to 5 Units	314	324	370	385	509	532	624	649	502	540
6 to 19 Units	341	354	404	411	506	517	604	641	485	502
20 to 49 Units	355	363	424	432	510	525	606	614	479	492
50 to 99 Units	384	395	500	522	597	624	679	697	534	556
100+ Units	**	**	531	**	**	**	**	**	534	601
Total	355	366	416	424	515	529	618	644	493	514

The following letter codes are used to indicate the reliability of the estimates (cv = coefficients of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b - Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$)

d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** Data suppressed to protect confidentiality or data is not statistically reliable

n/u: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.3.3 Private Apartment Vacancy Rates (%) by Structure Size and Zone Sherbrooke CMA

Zone	3-5		6-19		20-49		50-99		100+	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Zone 1 - East District	**	**	1.4	1.3	0.7	1.3	8.4	4.1	**	**
Zone 2 - Central District	0.0	0.7	1.4	4.2	2.3	6.5	**	**	**	**
Zone 3 - West District	**	**	1.1	1.5	2.2	2.1	0.8	0.2	**	**
Zone 4 - North District	0.4	0.7	0.0	**	1.0	1.8	1.7	4.2	2.7	6.2
Former Sherbrooke City	1.1	1.4	0.9	1.9	1.3	2.0	3.0	3.0	1.7	8.0
Zone 5 - Ascot/Lennoxville	0.0	**	1.9	3.7	0.8	3.4	**	**	n/u	**
Zone 6 - Rock Forest	0.5	**	0.6	0.9	2.3	2.1	n/u	n/u	n/u	n/u
Zone 7 - Magog(1)	1.1	1.8	1.9	3.8	2.1	6.3	n/u	n/u	n/u	n/u
Zone 8 - Fleurimont	0.0	**	0.3	0.3	1.7	2.0	n/u	n/u	n/u	n/u
Sherbrooke CMA	0.9	1.4	1.0	2.1	1.3	2.4	2.9	3.3	1.7	8.2

1 Data for October 2006 does not include the area formerly known as Magog CA.

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n/u: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

1.4 Private Apartment Vacancy Rates (%) by Rent Range and Bedroom Type Sherbrooke CMA

Rent Range	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07	Oct-06	Oct-07
Sherbrooke CMA										
LT \$400	3.8 c	3.9 c	1.4 a	1.3 a	**	**	**	**	2.2 b	2.2 b
\$400 - \$499	3.0 d	1.6 c	1.3 a	2.5 b	0.7 a	1.1 a	**	0.0 d	1.0 a	1.7 b
\$500 - \$599	**	**	1.5 a	6.2 c	0.6 a	1.9 b	0.5 a	1.1 a	0.6 a	2.1 a
\$600 - \$699	**	n/s	5.9 d	**	1.4 d	2.0 c	**	1.6 c	1.2 a	1.8 c
\$700 - \$799	n/s	n/s	**	**	1.2 d	**	**	**	1.2 d	4.7 d
\$800+	n/s	n/s	n/s	**	1.5 d	**	**	**	1.1 d	1.0 d
Total	3.5 b	5.2 a	1.3 a	2.9 a	0.8 a	2.0 a	1.1 a	1.4 a	1.2 a	2.4 a

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data is not statistically reliable

n/u: No units exist in universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) links for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in 2006 vs. \$550 in 2007 represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the 2006 and 2007 Fall Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey (RMS)** every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. In October 2006, CMHC introduced a new measure for the change in rent that is calculated based on existing structures only. This estimate is based on structures that were common to the survey sample the previous year and the current year of the Rental Market Survey. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in the Rental Market Report – Canada Highlights, Provincial Highlights, and the local Rental Market Reports. The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market (SRMS)** in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS. CMHC has identified the following dwelling components to be included in SRMS:

- Rented single-detached houses.
- Rented double (semi-detached) houses (i.e.. Two units of approximate equal size and under one roof that are situated either side-by-side or front-to-back).
- Rented freehold row/town homes.
- Rented duplex apartments (i.e.. one-above-other).
- Rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type).
- Rented condominiums (can be any dwelling type but are primarily apartments).
- One or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

- A Household Rent Survey of all households to collect information about rents.
- A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
- A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. In 2007, rented condominium apartments were surveyed in the following CMAs: Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montréal and Québec. Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Quebec, St. John's, Kelowna, Toronto and Vancouver.

DEFINITIONS

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Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2006 data presented in this publication is based on Statistics Canada's 2001 Census area definitions. October 2007 data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

Rental Affordability Indicator

Canada Mortgage and Housing Corporation has developed a new rental affordability indicator to gauge how affordable a rental market is for those households which rent within that market. The level of income required for a household to rent a median priced two-bedroom apartment, using 30 per cent of its income, is calculated. The three-year moving average of median income of households in a centre is then divided by this required income. The resulting number is then multiplied by 100 to form the indicator. A value above 100 indicates that less than 30 per cent of the median income is required to rent a two-bedroom apartment, conversely, a value below 100 indicates that more than 30 per cent of the median income is required to rent the same unit. In general, as the indicator increases, the market becomes more affordable; as the indicator declines, the market becomes less affordable.

Median renter household income estimates used in the calculation of the rental affordability indicator are based on results of Statistics Canada's Survey of Labour and Income Dynamics. Results for this survey are available from 1994 to 2005. CMHC has developed forecasts of median renter household incomes for 2006 and 2007.

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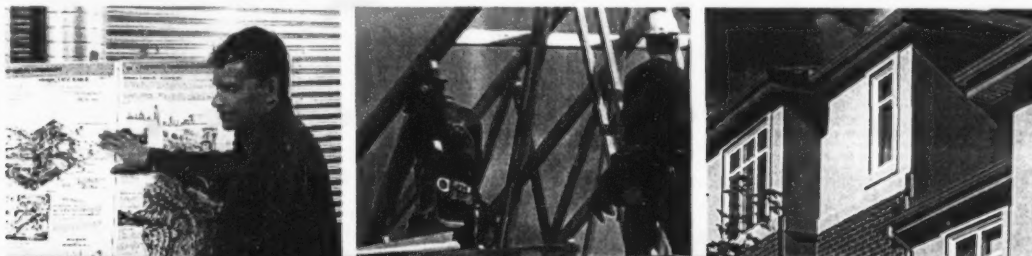
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